

20<sup>th</sup> July 2012

Paul Syndler  
.au Domain Administration Ltd

By email: paul.szyndler@auda.org.au

Dear Mr Szyndler,

### **The need for a full tender process – in response to Industry Advisory Issues Paper**

We would like to express Cloud Registry's belief that there is a need for a full public tender in 2014 to ensure the most effective and progressive approach to the supply of Australian domain names. The industry has expanded considerably since the last full tender took place – to pursue another re-negotiation with the incumbent would ignore the opportunity to explore the benefits that other providers could offer Australian Internet users, through lower pricing or product innovation.

As The Panel rightly noted, another re-negotiation, "would further enshrine the incumbent and could raise the possibility of decreasing competitive pricing pressures in the future". We would go further and add that re-negotiation could create complacency and stifle innovation.

The opportunity for innovation has never been greater. The domain name industry is about to undergo major changes with the introduction of new gTLDs, supported by a broadening range of players each exploring ways of offering new products.

### **Infrastructure**

The paper reports The Panel's belief (1.1) that "the incumbent operator has a clear infrastructure advantage". Whilst that might have been the case at the time of earlier reviews, the landscape has changed markedly with several new local registry operators possessing substantial infrastructure or the capability to commit to infrastructure investment to ensure a smooth transition.

We note the argument in 1.4, that the requirement for a local presence might impact the economies of scale that could be achieved by larger registry operators. It should be noted, however, that the .au namespace is currently one of the ten largest ccTLDs. We believe that it has reached sufficient size to attract a number of interested providers and that the reason for skipping the RFT process in 2008 – for which auDA cited that the "marketplace was not expansive enough" – no longer applies.

### **Costs**

We acknowledge that there will be certain costs for registrars associated with switching to another registry operator, but these costs should not be overstated. The .au 2LD registries are managed using the industry standard EPP 1.0 protocol so, whilst there might be minor changes to some processes, this should not be an overriding concern. It is in the community's interest that the registry operating

the .au 2LDs provides a standard environment, offering full interoperability and enabling future competitive tendering. If the cost of change is seen as a reason not to change, it could encourage an incumbent to develop bespoke, non-interchangeable systems as a means of achieving an ongoing monopoly.

## **Demand**

Whilst the Panel says (issue 1.4) that there is no evidence of pent-up demand for registry competition, without a full RFT process no channels exist to present such an interest. New gTLDs are spawning new providers and it is likely that many of these – ourselves included – would be interested in tendering for provision of the .au 2LD registries.

On this basis, we believe a full RFT process is required. Anything less would favour the incumbent, without auDA examining the potential for a new partner offering new, perhaps unforeseen, benefits for users.

Yours sincerely,



Ruud Verstijnen  
Chief Executive Officer  
Cloud Registry Pty Ltd